

Message Text

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SOFIA FOR NICHOLAS ANDREWS

E.O. 11652: N/A

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SUBJECT: U.S.-GOR CULTURAL AGREEMENT RENEGOTIATIONS - IMPLEMENTING
CONDITIONS FOR EXHIBITS

REFS: A) STATE 252305; B) BUCHAREST 5518; C) STATE 263777;
D) BUCHAREST 5572

1. REFTTEL A TRANSMITTED THE U.S. DRAFT PROGRAM OF EXHIBITS AND IMPLEMENTING CONDITIONS ACCORDING TO "SENDING SIDE PAYS" FORMULA. THESE WERE PRESENTED TO MINISTRY OF FOREIGN AFFAIRS NOVEMBER 20. REFTTEL B REPORTED GOR FEEDBACK ON U.S. POSITION AND IDENTIFIED EXHIBITS AS "PROBLEM AREA" FOR UP-COMING NEGOTIATIONS. AT THE SAME TIME, REFTTEL B OUTLINED EMBASSY SUGGESTED ALTERNATIVE POSITION ("REIMBURSEMENT FORMULA") AND REPORTED OUT INTENTION TO DISCUSS THIS OPTION INFORMALLY WITH COUNCIL FOR SOCIALIST CULTURE AND EDUCATION. IN REFTTEL C, DEPARTMENT AND AGENCY CONCURRED WITH THIS APPROACH. REFTTEL D REPORTED "SOUNDS REASONABLE" COMMENT OF COUNCIL DIRECTOR OF FOREIGN RELATIONS ILEASA DURING DISCUSSION OF "REIMBURSEMENT FORMULA" WITH EMBOFFS.

2. ON DECEMBER 5, EMBASSY HELD EXTENSIVE DISCUSSION WITH ROSIANU OF MFA REGARDING EFFICACY OF U.S. "REIMBURSEMENT FORMULA" AS METHOD OF
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RESOLVING SITUATION CREATED BY GOR "RECEIVING SIDE" PAYS INTERNAL

COSTS CONCEPT AND U.S. "SENDING SIDE" PAYS DRAFT. ROSIANU STATED UNEQUIVOCALLY THAT U.S. "REIMBURSEMENT" SUGGESTION VIOLATES GOR MINISTRY OF FINANCE REGULATIONS AND ROMANIAN PRACTICE WHICH WOULD FORBID COUNCIL TO RETAIN U.S. DOLLARS FROM EMBASSY "REIMBURSEMENT" TO PAY INTERNAL U.S. COSTS OF THEIR EXHIBITS. IN ADDITION, CIUHUREZU OF COUNCIL POINTED OUT THAT COUNCIL'S CHARTER FROM GOR SPECIFICALLY PROVIDES THAT GOR INTERNATIONAL PROGRAM OF EXHIBITS IS TO BE CARRIED OUT "WITHOUT HARD CURRENCY EXPENDITURES". ROSIANU PROMISED, HOWEVER, FURTHER EXPLORATION OF U.S. PROPOSAL WITH MINFIN AUTHORITIES AND WITH COUNCIL ADMINISTRATORS AT VICE PRESIDENT LEVEL IN ORDER TO OBTAIN DEFINITIVE AND OFFICIAL OPINION.

3. THREE ALTERNATIVES EMERGED FROM DISCUSSION AS POSSIBILITIES TO BRIDGE OVER DIFFERENCES IN OUR POSITIONS IN ORDER TO COMPLETE NEGOTIATIONS. NONE RESOLVES BASIC PROBLEM. ALTERNATIVES ARE:
A) REPEAT LANGUAGE OF IMPLEMENTING CONDITIONS FROM 1973-74 AGREEMENT;
B) ACCEPT VARIATION OF U.S. SUGGESTED "REIMBURSEMENT FORMULA" FOR PURPOSES OF CONCLUDING FINAL AGREEMENT AND POSTPONE RESOLUTION OF ACTUAL TERMS OF "UNDERSTANDING BETWEEN EMBASSY AND COUNCIL" TO LATER DATE; C) U.S. SHOULD MODIFY POSITION PREVENTING ACCEPTANCE OF ROMANIAN "RECEIVING SIDE PAYS" FORMULA.

4. DECEMBER 5 MEETING REVEALED THAT BOTH MFA AND COUNCIL REPRESENTATIVES HAVE BECOME PESSIMISTIC REGARDING OUTLOOK FOR RESOLVING ISSUE. ROSIANU STATED BLUNTLY "I DON'T BELIEVE WE CAN SOLVE THIS PROBLEM". MEETING CONCLUDED WITH MUTUAL EXPRESSION OF DETERMINATION OF "CONSULT FURTHER WITH HIGHER AUTHORITIES" AND TO CONTINUE EFFORTS TO DEVELOP ACCEPTABLE FORMULA.

5. IF ROSIANU'S VIEWS IN FACT REPRESENT GOR'S, WE ARE CLOSE TO IMPASSE ON THIS ISSUE. FAILURE TO RESOLVE ISSUE COULD HAVE SERIOUS CONSEQUENCES FOR U.S. EXHIBITS PROGRAM IN ROMANIA INCLUDING, IN EXTREME, ITS TERMINATION. PARAGRAPH 3 OF RENTSCHLER/FERNANDEZ LETTER DATED APRIL 17, 1973 DISCUSSED THESE IMPLICATIONS. THEY REMAIN EQUALLY VALID TODAY.

6. IN THESE CIRCUMSTANCES REQUEST AUTHORITY TO MODIFY "SENDING SIDE PAYS" INTERNAL TRANSPORTATION PRINCIPLE IF IN FACT WE REACH IMPASSE DURING NEGOTIATION. ONE SUCH POSSIBLE MODIFICATION WOULD BE VARIANT OF REIMBURSEMENT FORMULA WHICH WOULD SUBSTITUTE ROMANIAN EMBASSY LIMITED OFFICIAL USE

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WASHINGTON AS "REIMBURSEE" IN PLACE OF COUNCIL. FORMULA WOULD HAVE DISTINCT ADVANTAGE FOR USG IN THAT IT COULD SERVE TO REDUCE OUR INTERNAL TRANSPORTATION COSTS IN ROMANIA. UNDER THIS VARIATION, GOR WOULD PAY INTERNAL TRANSPORTATION FOR ALL U.S. EXHIBITS IN ROMANIA. WHEN INFREQUENT ROMANIAN EXHIBITS IN U.S. OCCUR, GOR EMBASSY IN WASHINGTON COULD SUBMIT TO AMEMBASSY BUCHREST OF USIA A BILL FOR THEIR INTERNAL TRANSPORTATION COSTS IN U.S. IN RECIPROCITY FOR GOR PAYMENT OF U.S. COSTS IN ROMANIA. CONSIDERING SIMPLICITY OF THIS

ARRANGEMENT, THERE SHOULD BE NO COMPLICATING ACCOUNTING PROBLEMS.

7. EMBASSY HAS NOT YET DISCUSSED SUITABILITY OF THIS NEW
VARIATION IN LIGHT OF MFA OBJECTIONS TO ORIGINAL REIMBURSEMENT
CONCEPT. IT MAY BE POSSIBLE THAT IT TOO WILL BE UNACCEPTABLE
(ALTHOUGH EMBASSY CANNOT READILY IDENTIFY FLAWS). IN THIS CASE, WE
WILL NEED CLEAR STATEMENT REGARDING EXTENT TO WHICH U.S. DELEGATION
CAN MODIFY U.S. DRAFT "SENDING SIDE PAYS ALL" PRINCIPLE SHOULD
FINAL IMPASSE, WITH IMPLICATIONS FOR FUTURE OF U.S. EXHIBIT PROGRAM
HERE, ACTUALLY DEVELOP.
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